

BEFORE THE POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001

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POSTAL RATE AND FEE CHANGES, 1997

Docket No. R97-1

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Introduction. At the prehearing conference, the Presiding Officer directed the parties to submit trial briefs prior to the appearance of their witnesses for cross-examination. Accordingly, the Greeting Card Association ("GCA") submits this trial brief to assist the parties and the Postal Rate Commission ("Commission") in understanding the testimony and issues in the case, and to outline GCA's "theory of the case."¹

GCA is sponsoring the testimony of Dr. Ken C. Erickson, Research Associate Professor of Anthropology at the University of Missouri-Kansas City. In sponsoring Dr. Erickson's testimony, GCA intends to facilitate the proper application of the non-cost ratemaking criteria of § 3622(b), and particularly subsection (b)(8) concerning the "educational, *cultural*, scientific and informational value" ("ECI") of mail *to the recipient*. The testimony also will help the Commission apply the policy mandate of § 101(a) — made controlling in rate-setting by § 3622(b) — that the Postal Service is to "bind the Nation together" through the correspondence of the people. It will show the importance of greeting cards in maintaining shared experiences within and among American families and groups of friends. In this way, as well as by bridging distance, greeting cards like other personal correspondence serve to bind the Nation together.

The role of Dr. Erickson's testimony in this proceeding. Dr. Erickson is a cultural anthropologist. His testimony will show how greeting cards, an important component of the First Class mailstream, contribute to American culture. Since the Postal Reorganization Act ("Act") calls on the Commission to recommend rates that will foster, not ration or suppress, the cultural value of mail matter, Dr. Erickson's testimony directly supports the pricing analysis the Commission must make.

¹ "Each party should include an explanation of the theoretical and public policy

Moreover, Dr. Erickson's presentation focuses on an aspect of that analysis which the Postal Service and other participants have largely ignored or downplayed. His testimony will help correct an excessive focus on *mailer* economics and on pure market factors. In particular, the Postal Service emphasizes that it has devoted substantial efforts to providing the Commission with what it believes are improved *economic* tools for postal ratemaking — in particular, newly-developed incremental costs, and an elaborate presentation on Ramsey pricing. Although acknowledging that such economic tools do not obviate the need for careful consideration of all the statutory ratemaking factors, the Postal Service has ignored or minimized the non-cost factors and has focused on a demand-rationing approach which reflects economic concepts that form only a part of the complex set of criteria Congress established for postal rates, and which fails to reflect the Postal Service's statutory mandate to foster and not ration the people's correspondence and to recognize the value of mail to recipients as well as senders. Section 3622(b)(8) is acknowledged but Postal Service witness O'Hara, who claims to present a balanced application of all the factors, endorses the theory of Ramsey pricing as a norm; Postal Service witness Bernstein presents an alternative pricing structure in which *only* Ramsey principles are controlling. GCA believes that the Commission should give equal weight to all the non-cost factors, including subsection (b)(8), and that Dr. Erickson's testimony will help it to do so. But in applying § 3622(b)(8), the Commission also should give the terms of that provision, particularly the word "culture," their proper scope. Dr. Erickson's testimony will help in that respect as well.

considerations which it believes the Commission should give weight to." Tr. 1/27.

In the past, the Commission has stated that "it considers the lack of alternatives available to users of the monopoly First-Class letter subclass, and the higher ECSI value of First-Class letters as important reasons for seeking to minimize the difference" in institutional-cost responsibility as between First-Class and third-class mail. Opinion and Recommended Decision, Docket No. R94-1, ¶ 4037. Subsection (b)(8) requires the Commission to consider the educational, cultural, scientific and informational value to the recipient of mail matter. In Docket No. R87-1, the Commission stated that "[t]his factor has been interpreted to benefit second class and special rate fourth class mail. . . . [W]e recognize [] that this factor could have broader application. . . ." [¶ 4100].

GCA believes that the Commission should give greater recognition to the educational, cultural, scientific and informational criterion for single-piece First-Class letters and greeting cards. Dr. Erickson's testimony shows why this is so, by addressing the "cultural" factor. As noted above, the Commission sometimes has viewed the "ECSI" provision of the Act largely in connection with periodicals and books. In past proceedings, it has heard evidence emphasizing the cultural value of these types of mail. But the statutory language is not limited to them, and the legislative history of the Act is silent on the meaning of the word "cultural" in subsection (b)(8).

Dr. Erickson's testimony, however, provides a context to the meaning of "cultural" and demonstrates that the term applies to much more than institutional or intellectual manifestations of "culture" (i.e., "operas and art museums"). Dr. Erickson's testimony and the survey which he conducted establish (i) that "culture" includes family relations, religious affiliations and "popular" material manifestations such as greeting cards, and (ii) that greeting cards received by mail are an important component of American culture

in the broad sense (which is, also, the sense accorded the term by the science of cultural anthropology). Nothing in the wording or legislative history of the Act inhibits the Commission from recognizing, as GCA believes it should, that broader definition of "culture."

Applying Dr. Erickson's testimony to ratemaking. The development of postal rates involves application of the statutory criteria set forth in § 3622(b) of the Postal Reorganization Act ("Act"), including the general policies of § 101(a). The Commission must recommend rates and fees which will generate sufficient revenues so that total income will recover all costs, both attributable and non-attributable (institutional). Once the Commission has attributed costs to the types of mail which cause them, it must deal with the remaining, non-attributable costs. The Commission allocates responsibility for recovering costs which cannot be attributed among mail users through application of the nine specific statutory criteria and the public policy guidelines set out in the Act. While subsection (b)(3) is largely accounted for by the attribution process, the other non-cost criteria must be applied through a process of balancing these competing factors.²

Dr. Erickson's testimony facilitates this process by addressing the cultural significance of greeting cards that are sent through the mail. Dr. Erickson concludes that greeting cards have a high degree of cultural value to recipients. He provides survey research about the cultural importance of greeting cards to American individuals

² The most relevant of those factors are the relative value of service of these subclasses to both sender and recipient [(b)(2)], the impact of rate increases on users and others [(b)(4)], the alternatives available to the users of each subclass [(b)(5)], fairness particularly to the users of the monopoly classes [(b)(1)], and the educational, cultural, scientific and informational value to the recipient of the mail in each subclass [(b)(8)].

and groups and how such greeting cards are part of American culture. The research demonstrates the cultural "life" of greeting cards in family and interpersonal relationships, in shared religious and secular rituals, and in communication that transcends the limitations of the spoken word. In particular, the results of the survey point out the cultural importance to recipients of greeting cards sent through the mail in times of illness and mourning, and point to the role of greeting cards in establishing and displaying shared meanings of humor. The survey verifies that Americans agree that greeting cards help them celebrate holidays and special occasions — important cultural features in any society. Dr. Erickson concludes that greeting cards sent through the mail have a high degree of cultural value to recipients. The survey also suggests important differences among age, ethnic and income groups. For example, greeting cards appear to be more culturally salient for low and middle-income Americans and for African-Americans. Changes in postal rates for First-Class mail, therefore, may have a greater impact on certain segments of the American population — for lower and middle-income persons and for African-Americans — than other segments.

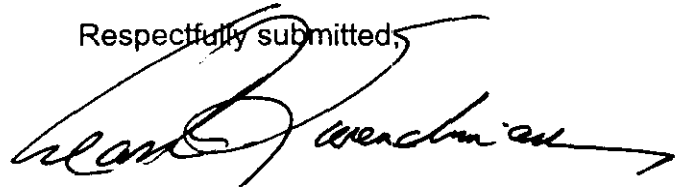
In summary, Dr. Erickson presents anthropological testimony in support of the cultural value and nation-binding³ role of greeting cards. The survey, with a 95% confidence level, indicates that the respondents value greeting cards highly. The survey provides evidence that greeting cards have a high degree of ECSI value to recipients, and help bind the Nation together. Section 3622(b)(8) requires that the Commission take this factor into account in setting rates for First-Class mail. Dr.

³ 39 U.S.C. § 101(a).

Erickson's research and the survey presented should be considered in setting First-Class rates.

Conclusion. The Greeting Card Association submits that the testimony and research of Dr. Ken C. Erickson filed in this case support the cultural value of First-Class mail, and particularly that important component comprising greeting cards, to the American public and the need to give more weight to recipient value and to § 3622(b)(8) in setting postal rates and fees in this case.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Alan R. Swendiman", with a long, sweeping horizontal line extending to the right.

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CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon all participants of record in this proceeding in accordance with § 12 of the Rules of Practice.



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